



state senator Dennis Kruse

2006 LEGISLATIVE UPDATE

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Telecommunications Bill Will Save Money for Hoosiers

INDIANA WILL GAIN \$7 BILLION FROM DEREGULATION

While much of the discussion in this year's session centered on physical infrastructure like roads and bridges, the General Assembly made a historic change in its unseen infrastructure. Through reforms made in House Enrolled Act 1279, Indiana will see lower cable prices, increased competition and a wave of investment in the state.

Experts have called HEA 1279 the most aggressive telecommunications reform in the nation and say it will likely be a model that other states are sure to follow. The bill includes several provisions designed to give Hoosiers access to the best technology at a reasonable price. It contains two major provisions:

Statewide Video Franchising - Following the model used in Texas, HEA 1279 creates a streamlined process through which video providers (such as cable companies) can enter a market and compete for customers. Known as statewide video franchising, this process will result in more video competition and lower prices for consumers. Since September, when Texas statewide franchising went into effect, more 120 franchises have been granted to competing companies.

HEA 1279 will eliminate the current virtual monopoly of cable providers and give most Hoosiers a choice in video service. In February, Ball State University's Digital Policy Institute released a study saying Hoosiers could save a total of \$262 million on their cable bills annually as a result of new choices.

Telephone deregulation - A recent survey of CEOs in Site Selection Magazine showed that access to high-speed communications is the most important factor in drawing new business development to a particular state. HEA 1279 encourages telephone companies to deploy more high-speed Internet, called broadband, by gradually deregulating basic phone services if broadband is made available. Companies must be able to offer high speed Internet to 50 percent of households in any given exchange before they can raise rates in that exchange. Monthly basic rates may increase by only \$1 per year until 2009.

The new law also contains protection for low-income Hoosiers. HEA 1279 establishes the Indiana "Life Line" program that provides discounted telephone rates to Hoosiers below 150 percent of the federal poverty level. This is a supplement to the federal program, which aids consumers with a household income below 135 percent of the federal poverty level. Consumers will also be protected through a ban on "local measured service," which is the practice of charging for local phone calls by the minute.

This legislation was a rare opportunity to create jobs while lowering prices and improving customer satisfaction. Independent think-tank FreedomWorks has said HEA 1279 will create 20,000 new jobs and \$7 billion in investment in Indiana. And that is an opportunity that can't be passed up.

EMINENT DOMAIN LAW WILL PROTECT HOMEOWNERS

We are all familiar with the concept of "life, liberty, and the pursuit of happiness" set out in our Declaration of Independence. However, at the time the Declaration was issued, many Americans listed such basic God-given human rights as "life, liberty and property."

Last summer, the U.S. Supreme Court issued a ruling that threatens the right to own property. In *Kelo v. City of New London*, the court said that government may "take" private property for economic development. As then-Justice Sandra Day O'Connor wrote, "Nothing is to prevent the state from replacing any Motel 6 with a Ritz-Carlton, any home with a shopping mall, or any farm with a factory."

The Supreme Court, however, left a loophole, saying legislatures may further restrict the use of eminent domain. This year, the General Assembly did exactly that.

House Enrolled Act 1010 - Perhaps most importantly, the new law requires the reason given for the use of eminent domain be something other than simply increasing a tax base. Thus, eminent domain can be used for a legitimate government purpose-but not simply to increase a local government's tax base.

The proposed new law does several things, including placing time restrictions on eminent domain so that property owners are not left in limbo for years at a time, and requiring just compensation for Hoosier property owners.

When used appropriately, eminent domain is an important tool that can help provide anything from roads to parks to schools for public use. HEA 1010 ensures that this tool is not abused at the expense of Hoosiers' right to own private property.

FACTS & FIGURES

FROM THE 2006 LEGISLATIVE SESSION

The First Regular Session of the 114th General Assembly began on Organization Day, November 22, 2005, and adjourned March 14, 2006.

Senate bills introduced: 394
Senate joint resolutions introduced: 14

Senate bills passed: 107
Senate joint resolutions passed: 1

House bills introduced: 443
House joint resolutions introduced: 4

House bills passed: 86
House joint resolutions passed: 0

Percent of introduced bills that were sent to the governor: 23%

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Senator Kruse speaks on a bill.

General Assembly Aims to Protect Children

Various pieces of legislation strengthen Indiana's sex offender laws

Indiana's children are our state's most precious assets. Sadly, nearly 67 percent of all reported sexual assault crimes are committed against children. In fact, 34 percent of sexual assault victims are under age 12. One in seven is under age six. Despite efforts to protect them, there are still a fair number of sexual predators who continue to prey on the innocence of children. This session, several bills were filed in an effort to close loopholes and strengthen Indiana's child protection laws.

The only way to help prevent predators from striking twice is to ensure their whereabouts are known by law enforcement agencies. This year, the General Assembly created legislation that requires convicted sexual predators to wear a GPS monitoring device at all times.

New legislation also specifies that a principal residence is the residence where the offender spends the most time. If the sex offender plans to spend more than 72 hours away from his/her principal residence, the individual must notify both the local law enforcement agency and that of the city or county of visitation with a complete itinerary, including a return date.

Also with this newly enacted legislation, any person at least 18 years old who is convicted of child molesting for a second time may be placed on lifetime parole once his or her prison term is complete. Any individual convicted of at least two child molesting crimes in another state whose parole is transferred to Indiana is also required to be placed on lifetime parole. The General Assembly has also been successful in preventing courts from granting petitions for adoption or legal guardianship to a sexually violent predator or someone who commits child molestation



Interns play a key role in assisting senators during the legislative session.

with specific provisions.

In an attempt to modernize the website, the Department of Corrections (DOC) has been given more authority over sex offenders by receiving control of the state sex offender registry. The DOC is now also required to register all sex offenders before they are released from incarceration, whereas before, the offender registered him/herself.

This year's legislation also prohibits a sexually violent predator from living within 1,000 feet of any school, public park or program center; nor is a sexually violent predator permitted to live within one mile of the victim's residence. It also prohibits any sexually violent predator from working or volunteering on school property, public parks, youth centers, or amusements aimed at attracting children.

Too often, sex offenders are released from prison, supposedly rehabilitated, only to repeat their crimes or commit worse offenses. Statistics show that sex offenders are four times more likely than non-sex offenders to be arrested for another sex crime after being discharged from prison. These initiatives can help provide protection for our most vulnerable Hoosiers - our children.

Senate Approves Property Tax Relief in Bipartisan Vote

Across the state, there is a strong desire to decrease local governments' reliance on property taxes, but there is a problem. In order to eliminate more than \$5 billion in revenue, we must find a new source of funding. This year, the Senate came up with a plan that would lower property taxes and replace that lost revenue with a more equitable tax. Unfortunately, the plan did not become law.

Statistics show that Indiana ranks among the worst in the nation in reliance on property taxes to fund local government. Indiana funds 89 percent of local government with property taxes. The national average is 78 percent and falling. That makes Indiana the 15th worst property tax state in the nation.

Also, Indiana is 14th worst in the nation in reliance upon property taxes in relation to sales and income tax. Property taxes provide 37.2 percent of income from "the big three" compared to national average of 32.4 percent and falling.

Property taxes, which are levied and collected by local — not state— government, fund local entities such as schools, libraries, and fire departments. It's no secret that the property tax is often unfair. It

affects seniors, small business owners and farmers more than it affects people who can afford to pay the tax. The Senate plan to permanently lower property taxes replaces the unfair property tax with a more equitable income tax.

Under the plan, local elected officials in each county would take two votes. The first, an incremental income tax increase estimated at less than one percent, would stop the growth of property taxes and freeze them at current levels. The second, an additional one percent, would actually lower property taxes by an average of 20 percent or more.

Instead of passing this long-term relief, the General Assembly this year approved \$100 million in immediate relief. This money will lower property tax increases this year, giving taxpayers a quick break. I am pleased that we were able to help Hoosiers, but I am also hopeful that long-term relief will come in the very near future.

This solution or a similar one would provide real, tangible, long-term property tax relief to Hoosiers. I look forward to supporting a similar plan in the future.

Clean Energy Indiana: Providing Fuel Alternatives

In the 2005 legislative session, our Clean Indiana Energy bill put Indiana at the forefront as a leader in new fuel technology. Currently, six ethanol plants have broken ground in Indiana with another 18 on the drawing board.

Other states are starting to see the benefits of investing in alternative fuels. Clean Indiana Energy II, Senate Enrolled Act 353, ensures Indiana remains a leader in this area.

SEA 353 establishes a \$50 million tax credit, up from \$20 million, for new ethanol and/or biodiesel production facilities. Ethanol production plants cost approximately \$79 million or more to build, and the companies don't

receive tax breaks until they are making a profit in our state.

Ethanol and biodiesel production has a very positive impact on Indiana farmers. Indiana is the fifth largest state in corn production and fourth largest in soybeans. These

are the two key dynamics associated with ethanol/biodiesel production. Currently, Indiana sends nearly 50 percent of corn and soybean productions out of state with no values added. This is the least profitable form of sale for farmers. It is estimated that farmers contracting with ethanol or biodiesel plants will gain an additional 5 cents to 10 cents per bushel.

SEA 353 also establishes a retail tax credit of 10 cents per gallon of E85 fuel sold to consumers, up to a maximum of \$2 million over the next two years. If retailers reach the maximum credit, then Indiana will have sold over 20 million gallons of E85 in two years. This is a great incentive for retailers to encourage consumers to purchase E85 fuels.

Indiana is leading the nation with the highest number of E85 fueling stations. Our goal is to double our current numbers for a total of 40 E85 fueling stations in the state of Indiana at the end of 2006.

SEA 353 also extends the current B20 retail tax credit through 2010 and requires the Indiana Economic Development Corporation to work with GPS software companies to include E85 fueling stations on GPS software.

This is amazing progress in such a short period of time. I am very proud of the fact that Indiana is leading the nation in this industry, and this legislation will only add to our advantage.



Senator Kruse discusses a bill on the Senate floor with Senator Mike Delph.

SEA 75 — This legislation establishes a military relief fund for Indiana National Guard members and Indiana armed forces reservists called into active duty after September 11, 2001. It is modeled after a similar program enacted in Illinois in 2003. **PASSED. My vote: YES**

SEA 111 — The bill makes several provisions regarding students' health and nutrition, including the establishment of a student health advisory council, nutritional requirements for foods and beverages, and daily physical activity for students. **PASSED. My vote: YES**

SEA 145 — This bill was created to prevent repeat offenses of drunk driving. It allows the seizure of a person's vehicle if they had at least two prior convictions of driving while intoxicated and commit a violation of the law while driving. **PASSED. My vote: YES**

SEA 283 — This law, better known as "Reverse 911", creates an automated emergency notification system that calls households and provides residents with a recorded message, notifying them of weather conditions, or other emergencies. **PASSED. My vote: YES**

HB 1099 — Under this legislation, Hoosiers are free to purchase fireworks and use them on private property if they are 18 years old and provide a signature. This will undoubtedly lead to more fireworks related injuries. **PASSED. My vote: NO**

HEA 1362 — This bill allows either local legislative bodies or the residents of areas - through petitions - to initiate mergers. Many believe that significant savings can be achieved by allowing a city to merge with a county or townships to merge with each other. **PASSED. My vote: YES**